

Section 4

Centralized Authorization File (CAF) Changes

The Centralized Authorization File (CAF) contains information on third parties who are authorized to represent taxpayers before the IRS and/or to receive and inspect confidential taxpayer information.

Effective January 2002, all requests for third-party authorization are processed in only two Small Business/Self-Employed Accounts Management Centers (Memphis and Ogden). International third-party authorizations continue to be processed in Philadelphia.

Prior to this change, the CAF program processed third-party authorization requests in all ten service centers. Each service center maintained its own local Taxpayer Information File (TIF) and CAF information in stand-alone databases. In July 2001, the ten CAF databases were consolidated into one database.

The centralized CAF process has the following benefits:

- Consistent customer service using one up-to-date database.
- Simplified procedures for obtaining authorization.
- Improved timeliness and accuracy.
- Reduced processing problems.
- Reduced unauthorized disclosures.

You can still either fax or mail your [Form 2848](#) or [Form 8821](#). The IRS will update the CAF within 48 hours of receiving a fax. Please allow five days from the date the IRS receives a Power of Attorney (POA) for the IRS to process a mailed form.

To ensure your POA is processed quickly, please fax the [Form 2848](#) or [Form 8821](#) to the IRS at the appropriate fax number (Memphis, Ogden, or Philadelphia). See the chart below for the Service Center that processes your state's Form 2848 or Form 8821. The mailing address for the CAF Unit is also listed.

Account Management Center	State
Memphis 5333 Getwell Road Stop 8324, Memphis, TN 37501 Fax # (901) 546-4115	Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia
Ogden PO Box 9941 Stop 6737 Ogden, UT 84409 Fax # (801) 620-4249	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, Wyoming
Philadelphia (International Only) 11601 Roosevelt Blvd. Philadelphia, PA 19255 Fax # (215) 516-1017	(International Only)

Three new services are available to taxpayers for authorizing third-party representatives.

Elimination of the requirement for practitioners to submit new authorization requests each time they correspond on MFT 55 and MFT 13 civil penalty issues (effective July 2002).

1. Expansion of Third Party Designee (Checkbox) Authority to include business tax returns and the ability to designate “friends and family” (effective January 2002). Checkbox authority allows third parties to deal with return processing questions and refund/credit issues. Checkbox authority expires when the return is processed and the account is settled, or on April 15 of the year following the year in which the designation was made, whichever is earlier. It is superseded by [Form 2848](#) or [Form 8821](#).

- a) Employment Tax Returns – Forms 94X
- b) Excise Tax Returns – Forms 720 and 2290
- c) Railroad Retirement Returns – Form CT-1
- d) Fiduciary Income Tax Returns – Form 1041
- e) Corporate Income Tax Return – Form 1120

2. Two Oral Consent Third Party Authorizations – the Oral Tax Information Authorization (TIA) and the Oral Disclosure Consent (effective January 2002). The Oral Tax Information Authorization (TIA) allows taxpayers to

call the IRS and provide the tax practitioner's CAF number to establish a TIA. The designee can immediately call to discuss issues. It can be compared to a paperless [Form 8821](#), Tax Information Authorization.

Coming Soon –

Internet Power Of Attorney (projected for Fall 2002)

Third Party Identification Number (projected for January 2003)

The Third Party Identification Number will replace the CAF number and the Preparer Tax Identification Number (PTIN). Currently the CAF number and the PTIN are not the same.

The PTIN was started to address concerns that a preparer's Social Security Number (SSN) could be used inappropriately by clients and others having access to a prepared tax return. Currently, tax professionals can request a PTIN from the IRS to use instead of their SSN when preparing tax returns. The Third-Party Identification Number will be used in place of the PTIN and CAF number. Actuaries and enrolled agents will have both an enrollment number and the new Third-Party Identification Number.

Centralized Authorization File (CAF) – Frequently Asked Questions and Answers

Q.) How is CAF data received from the taxpayer?

A.) Several forms filed by taxpayers are included in the CAF:

- [Form 2848](#), Power of Attorney (POA) and Declaration of Representative – authorizes individuals to represent them before the IRS, and/or to receive copies of any notices sent to the taxpayer, and to receive the taxpayer's refund check.
- [Form 8821](#), Tax Information Authorization (TIA) – authorizes individuals, corporations, firms, organizations, or partnerships to inspect and/or to receive confidential taxpayer information and notices, but not refunds.
- [Form 706](#), U.S. Estate Tax Return – authorizes one attorney, accountant, or enrolled agent to represent the estate on a limited basis and to receive notices, but not to receive refunds.

Q.) Are there any other changes to the CAF Program?

A.) Yes! This year three new services are available to taxpayers for authorizing third-party representatives. New services include Third Party Designee (formerly Checkbox Authority), Oral Disclosure Consent, and Oral Tax Information Authorization.

Q.) Can you provide more information about each service?

A.) Yes! The Third Party Designee (formerly Checkbox Authority) service was effective January 1, 2001, for tax year 2000 and subsequent tax years, on all paper and e-filed Form 1040 series returns, with the exceptions of Telefile returns and Form 1040X Income Tax Returns. For tax year 2000, the Checkbox Authority was limited to the paid preparer shown on the specific Form 1040 return for tax year 2000. The authority applied only to an individual paid preparer and not to a company. The authorized third party or designee is authorized to receive information about a refund or payment, respond about information on or missing from the return, and communicate with the IRS in response to a math error or penalty notice. Copies of taxpayer notices are not sent to the Checkbox designee. The "Checkbox" designee is not authorized to communicate concerning issues such as: Appeals proceedings, Collection notices, Examination Inquires, and Underreporter notices. The "Checkbox" designee cannot represent a taxpayer or practice before the IRS unless he/she has POA. The Checkbox designation will post directly to the Individual Master File.

Effective January 2002, for tax year 2001, the Checkbox Authority was expanded to friends and family, and to business returns. The service is known as "Third Party Designee," instead of "Checkbox Authority." The Form 1040 series will include paid preparers, as well as friends and family. Business returns include all Form 94X, 720, 1041, 2290, and CT-1 returns. The business entity officer or authorized representative may appoint the bookkeeper or accountant who prepared the business return to discuss processing issues with the IRS.

A Third Party Designee cannot co-exist with a POA for the same tax return and tax period. [Form 2848](#) and [Form 8821](#) authorizations have precedence over the Checkbox designation.

Two new services became available in 2002 – Oral Disclosure Consent and Oral TIA.

Temporary Regulation 301-6103© authorizes the IRS to accept verbal requests or consents authorizing disclosure of return information to third parties assisting taxpayers in resolving federal tax-related matters. Taxpayers can call the IRS to establish disclosure authority for all types of tax accounts.

Oral Disclosure Consent – Allows a taxpayer to call the IRS and establish disclosure authority for all types of tax accounts after receiving a notice from the IRS. To establish the Oral Disclosure Consent, the taxpayer must have received a notice from the IRS and have open account issues. The taxpayer may call and designate a third party to resolve issues related to the notice. It is not required that the designee have a CAF number. Once an Oral Disclosure Consent has been established, the taxpayer does not have to be present or on the telephone for the IRS to disclose tax information related to the notice. The Oral Disclosure Consent does not authorize a third party to receive notices, refunds, or sign waivers. The Oral Disclosure Consent is valid until the tax-related issues are resolved. If the taxpayer receives subsequent notices from the IRS, he/she must call or visit the IRS and establish another verbal authorization, even if it is for the same party.

Oral Disclosure Consent can co-exist with a POA for the same form and same tax period. However, a taxpayer may not use Oral Disclosure Consent to appoint a representative to act on his/her behalf. A POA ([Form 2848](#)) authorizing a third party to represent the taxpayer before the IRS must be secured in writing.

Oral Tax Information Authorization (TIA) – Allows a taxpayer to designate a third party who has a CAF Number to exchange information on his/her behalf, by phone or in person, and to receive notices and transcripts, but not refunds, on open account issues. The taxpayer does not have to be present or on the telephone when the IRS discloses tax information to the designated third party based on the taxpayer's oral verbal disclosure consent. The taxpayer's representative must have an established CAF Number, and the taxpayer must know the representative's CAF Number. The third-party designee can immediately call to discuss issues. It is not necessary for the taxpayer to have received a notice from the IRS prior to establishing an Oral TIA.

Q.) These procedures, especially the oral third party authorization, are quite different from what I am used to regarding disclosure. Have disclosure regulations changed?

A.) Yes. The Taxpayer Bill of Rights 2 was enacted on July 30, 1996. One provision of this law eliminated the requirement that requests for disclosure to a designated third party be in writing. New regulations for Section 6103 (c) of the Internal Revenue Code authorize IRS employees to accept a taxpayer's verbal request or consent to disclose return information to parties assisting the taxpayer in resolving a federal tax-related matter. For more information on [disclosure](#), please visit the IRS Web site.

Q.) These new services for designating a third party are great! How does a taxpayer determine which service to use?

A.) An understanding of the basic differences among the three options will assist taxpayers in deciding which option to use. The Third Party Designee option is used when the return is filed. The Oral Disclosure Consent Authority option is used when a notice is received that is not associated with the initial processing of the return. It's best to use the Oral Taxpayer Information Authorization option when account information is needed and the designated third-party has a CAF number. There is also a helpful table of Third Party Authorizations on our Web site at <http://www.irs.gov/caf>.

Q.) A taxpayer submits Form 4506, Request for a Copy or Transcript of Tax Form, and one of the boxes on Line 8 (a-d) is checked. Is Form 8821 needed to release the requested information to a third party?

A.) In some instances, the taxpayer does not need to submit [Form 8821](#) or [Form 2848](#) along with [Form 4506](#). To authorize the IRS to release tax return information, such as a tax return transcript or photocopy, W-2 information, or verification of non-filing, to a third party, taxpayers only need to complete Line 5, Form 4506. The taxpayer must, however, sign Form 4506.

If the taxpayer wants tax account information sent to a third party, Form 8821 or an Oral TIA is required. Tax account information includes original return information and any changes made to the account by the IRS or per the taxpayer's request. Please refer to the instructions for Form 4506 for more details.